

TAX INCENTIVES

► Urban and Industrial Site Tax Credit Program

- Dollar-for-dollar corporate tax credit of up to 100% for an investment up to a maximum of \$100 million in an urban area or an industrial project; minimum investment is \$5 million in distressed communities and \$50 million in all other communities

► Corporate Business Tax Credits

- A corporate business tax credit for companies relocating to Connecticut who hire at least 50 new employees for a minimum of a 12-month period; the tax credit is equal to 25% of the state income tax withheld from the employee's wage and the credit applies for five consecutive years
- A \$1,500 per worker corporate tax credit to companies that hire workers who were employed in Connecticut and were let go by a previous employer as result of a corporate restructuring in which at least 10 workers were terminated by the same employer; credit is allowed during the first twelve months of the worker's re-employment
- A tax credit equal to 30% of qualified digital media and motion picture production, pre-production and post-production expenses in the state that exceed \$50,000
- 5% credit for fixed capital investment in tangible personal property
- 5% credit for investments in human capital: employee training, childcare, facilities and subsidies and donation to higher education for advancement of technology
- 10% credit for increased investment in machinery and equipment for companies with 250 or fewer full-time permanent employees in CT; 5% credit for companies with 251 to 800 full-time permanent employees in CT
- From 1-6% of R&D expenditures based on the amount of such expenditures and size of company
- 20% of the R&D expenditures in CT in the current income year exceeding R&D expenditures of the prior taxable year
- Unused R&D credits can be carried forward and, for companies with gross income of \$70 million or less, can be sold to the state for 65% of their value
- Credit equal to 100% of property taxes owed and paid on electronic data processing hardware peripheral equipment and software; credit may be applied against certain other CT taxes
- 25% credit for any increase in grants to institutions of higher learning for R&D related to technology advancement over the average grants provided during the preceding 3 years
- 100% credit for SBA loan guarantee fees paid by companies with less than \$5 million in gross receipts
- Financial institutions constructing new facilities and adding new employees can receive a credit of as much as 50% of the tax for up to 10 years; may be extended for an additional 5 years; based on size of the facility and level of employment

► Corporate Business Tax Exemptions

- All insurance companies, Connecticut incorporated and non-Connecticut incorporated
- Corporate income, insurance premium and sales and use taxes for certain banks, insurers and investment companies locating in the Hartford Financial Service Export Zone that conduct all business with non-U.S. persons
- Capital gains from the sale of protected open space or Class I or II water company land to the state or certain entities
- Non-U.S. corporations whose sole activities in CT are trading stocks, securities or commodities of their own account



*State of Connecticut
Department of Economic and
Community Development*

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*James F. Abromaitis
Commissioner, DECD*

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► Corporate Sales Tax Exemptions

- 100% on (a) machinery used in the manufacturing of finished products or in the bio-technology industry and (b) materials, tools and fuel used in the manufacture or fabrication of finished products or in the biotechnology industry; 50% on machinery, tools fuels and equipment that may not meet the requirement for the 100% exemption
- 100% on computer and data processing services beginning July 1, 2002; declining 1% annually from current 3%
- 100% on repair, replacement and component parts for manufacturing machinery
- 100% on calibration services, registration and compliance services related to ISO 9000 and personnel training services offered by colleges or universities
- 100% on vehicles powered by alternative fuels, vehicle conversion equipment and alternative fuel filling-station equipment
- 100% on fuel and electric power used in manufacturing or to heat a manufacturing facility provided that 75% usage test is met
- 100% of the cost of services related to creating and maintaining a Web site
- 100% of the cost of aircraft, repair, parts and services on aircraft exceeding 6,000-lbs. maximum takeoff weight
- 100% on safety apparel worn by employees
- 100% on goods purchased inside or outside CT for use outside CT providing all conditions are met

► Real & Personal Property Tax Exemptions

- Up to 100% for 5 years on newly acquired and installed manufacturing machinery and equipment eligible for 5-7 year depreciation
- The local property tax on manufacturing machinery and equipment in Connecticut will be phased out at a rate of 20% per year over the five-year period from 2007 to 2011
- 100% for inventories
- 30-100% from the increase assessment for personal property for manufacturers and 20-50% for eligible real property improvements can be offered by towns for 2-7 years, depending on the investment amount
- 100% for unbundled software, machinery & equipment that will be exempt under 12-81 (72) once installed and used
- 100% for 5 years on new commercial motor vehicles weighing over 26,000 lbs. that are used to transport freight for hire and all new commercial vehicles weighing over 55,000 lbs.

► Targeted Investment Community (TIC) Benefits

- 5-year, 80% real property and personal property tax abatements for manufacturers.
- 5-year, 40-80% real property and personal property abatements for service, telecommunications and computer related providers, depending on amount invested
- 5-year, 50-80% tax abatements for personal property when part of a process technology upgrade, depending on the asset acquired
- Manufacturers or firms conducting R&D related to manufacturing and newly constructed distribution facilities may be eligible to receive a state corporate business tax credit of 25% for 10 years
- Corporate business tax credit ranging from 15-50% for 10 years is available to certain selected service, telecommunications and computer-related facilities based upon the number of jobs created

► Additional TIC Benefits

Within Enterprise Zones or within areas of certain non-TIC municipalities designed for Enterprise Zone Benefits

- Manufacturers and certain service firms may obtain a 50% corporate business tax credit for 10 years; must meet specific hiring thresholds and investment requirements
- Enterprise Corridor Zone Benefits
 - Selected communities bordering Route 8 and I-395 are eligible for full Enterprise Zone level benefits

in touch

The screenshot shows a purple header bar with the text "in touch". Below it is a white page with a purple sidebar on the left containing the DECD logo (three stylized bars in blue, green, and yellow), the text "DECD", "State of Connecticut Department of Economic and Community Development", the address "505 Hudson Street Hartford, CT 06106", the phone number "1.800.392.2122", and the website "www.YouBelongInCT.com". The main content area has a purple background and contains several bullet points about economic development programs. At the bottom, there are navigation icons for zooming and navigating through the page, along with a "Page:1" indicator.